

7 December 2015

ASX ANNOUNCEMENT



Avalon Minerals Limited (ASX:AVI) ("Avalon" or "Company")

ASX: AVI

Unmarketable Parcel Share Sale

Avalon is pleased to announce that it has established a share sale facility for holders of unmarketable parcels of shares in the Company.

The ASX Listing Rules define an unmarketable parcel as those with a market value of less than \$500. As at market close on 2 December 2015 ("Record Date") an unmarketable parcel of shares is any shareholding of 22,727 ordinary shares or less, based on the closing price of \$0.022. This represents 3,383,904 ordinary shares (1.1% of total shares), held by 632 shareholders ("Minority Members").

Avalon is offering this facility to assist shareholders of unmarketable parcels to sell their Avalon shares without having to use a broker or incurring brokerage costs. Avalon will organise remittance of sale proceeds for those shareholders who take advantage of the facility. Any tax consequences from the sale will be the shareholder's responsibility. The shares will be sold at a price pursuant to the Company's constitution for the sale of minimum shareholdings.

The Company values all of its shareholders, however by facilitating the sale, the Company expects to reduce the administrative costs associated with maintaining a large number of small holdings.

Attached is a copy of the letter and a sample share retention form that is currently being mailed to shareholders that are holding an unmarketable parcel in Avalon on the Record Date.

Gavin Leicht
Company Secretary
Avalon Minerals Ltd

REGISTERED OFFICE

Avalon Minerals Ltd
ABN 68 123 184 412
9 Gardner Close
Milton Qld 4064 Australia
P + 61 7 3368 9888
F + 61 7 3368 9899
info@avalonminerals.com.au
www.avalonminerals.com.au

For further information please visit www.avalonminerals.com.au

7 December 2015

Dear Shareholder,

ABN 68 123 184 412
9 Gardner Close, PO Box 1565
Milton Qld 4064 Australia
P +61 7 3368 9888 F +61 7 3368 9899
info@avalonminerals.com.au
www.avalonminerals.com.au

Notice by the Company Regarding Sale of Unmarketable Parcels

Avalon Minerals Limited ("Avalon" or the "Company") has established a sale facility for holders of Unmarketable Parcels of shares ("Sale").

The ASX Listing Rules defines a "marketable parcel" as a parcel of securities not less than \$500. The closing price of the Company's shares on 2 December 2015 ("Record Date") was \$0.022; on this basis an unmarketable parcel is 22,727 shares or less ("Unmarketable Parcel").

According to our records, you are a holder of an Unmarketable Parcel of shares.

Eligible Shareholders who participate in the Sale process will benefit from selling their Avalon shares without having to use a broker or incur any brokerage costs. The Sale will enable the Company to significantly reduce the amount of Shareholders on its register, thereby reducing high registry and administrative costs of maintaining Unmarketable Parcels.

In accordance with the Company's Constitution the Sale will not be executed at a price below the simple average of the last sale prices of Avalon shares quoted on the ASX for each of the ten trading days preceding the date of the offer ("authorised price"). The Company will use its best endeavours to achieve a price that is fair for all parties involved.

To participate in the Sale of your shareholdings you do not need to do anything. Your shares will be sold on your behalf by the Company shortly after 22 January 2016.

The proceeds from the Sale of the Unmarketable Parcels will be paid to the relevant shareholders on a pro-rate basis (in accordance with the number of shares sold by each relevant shareholder) within 14 days of Avalon receiving the proceeds of the sale. The Company anticipates that the sale proceeds will be sent to you by post on or around 29 January 2016.

If you do NOT wish to sell your shares through the Facility, you must complete and return the attached form to the address on the form so that it is received by 5.00 pm (AEDT) on 22 January 2016 (Share Retention Form). Please read the instructions on your personalised Share Retention Form carefully before completing it.

Alternatively, you may increase your holding to a minimum of 22,727 shares prior to 22 January 2016 by acquiring additional Avalon shares on market in the same name and HIN or SRN as your small holding. Further, you may also wish to consolidate your holdings if you have more than one holding of Avalon shares in the same name but held under multiple HINs or SRNs, and together those holdings amount to a minimum of 22,727 shares. Any consolidation must be processed by our registry Computershare by 22 January 2016. Contact details are set out on the enclosed Share Retention Form.

Otherwise, your shares will be sold.

For any further questions regarding this letter please contact myself.

Yours sincerely
Gavin Leicht
Company Secretary
Avalon Minerals Ltd

**Return your Form to the Company's
share registry:**

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

 **Phone:**
(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

└ 000001 000 AVI
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Share Retention Form

 **If you wish to retain your shares, your form must be received by 5:00pm (AEDT) Friday, 22 January 2016**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholding Details

Use this form if you wish to retain your shares in Avalon Minerals Limited. If you have recently bought or sold shares your shareholding may differ from that shown. If you have already sold all your shares in Avalon Minerals Limited, do not complete or return this form. If you have more than one shareholding on Avalon Minerals Limited's register and you do not wish to sell your shares under the Small Shareholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited (CIS) on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored shareholding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the shareholding is in one name, the shareholder must sign.

Joint Shareholding: Where the shareholding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the shareholding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

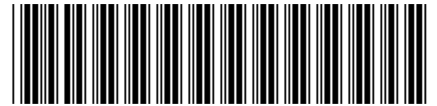
Overseas Companies: Where the shareholding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: Where the shareholding is in the name of a deceased estate, all executors must sign; and a certified copy or original, of the required documentation must accompany this form. Details of the documentation required can be found by searching "deceased estates" on our website www.computershare.com or by calling Computershare Investor Services Pty Limited on 1300 522 270 or +61 3 9415 4000. If the shareholding is in more than one name the surviving shareholder may sign the form and return it together with a certified copy of the death certificate of the other joint shareholder.

Step 3: Contact Details

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➔



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Share Retention Form

STEP 1**Shareholding Details**

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAPLETOWN NSW 2001



Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

Shares held as at 2 December 2015:

2000



For your security keep your SRN/HIN confidential.

STEP 2**Signature of Shareholder(s)**

This section must be completed.

By signing and returning this form, in accordance with the requirements set out in 'Step 2: Signing Instructions' overleaf, I/we confirm that I/we understand that my/our **SHARES WILL NOT BE SOLD** under the Small Shareholding Sale Facility.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

STEP 3**Contact Details**

Contact
Name

Contact
Daytime
Telephone

Date / /

Email
Address

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.